

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES
GLOBAL PLUS 4 CONTRACTS
NEGOTIATED SERVICE AGREEMENTS

Docket No. MC2018-150

COMPETITIVE PRODUCT PRICES
GLOBAL PLUS 4 CONTRACTS (MC2018-150)
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2018-216

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
CHAIRMAN'S INFORMATION REQUEST NO. 1**

(May 30, 2018)

The United States Postal Service (Postal Service) hereby provides its response to Chairman's Information Request No. 1, which the Postal Regulatory Commission (Commission) filed in this docket on May 24, 2018. A response was due no later than May 30, 2018. The two questions in the request are reprinted verbatim in the attached, followed by the Postal Service's response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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To clarify the Postal Service's request to add Global Plus 4 to the competitive product list, filed May 10, 2018,¹ the Postal Service is requested to provide written responses to the following questions. The responses are due no later than May 30, 2018.

Please refer to Attachment 3, submitted as part of the Request.

1. The Postal Service requests revisions to the Mail Classification Schedule (MCS). Request at 4 n.18. For each of the MCS sections listed below, please justify the requested revisions in Attachment 3 and explain how the revised language will continue to accurately define all extant Global Plus contracts.
 - a. § 2510.6.1(a)
 - b. § 2510.6.1(b)
 - c. § 2510.6.3
 - d. § 2510.6.4
 - e. § 2510.6.5

RESPONSE:

- 1a. The changes to MCS § 2510.6.1(a) included in the Postal Service's initial filing in these dockets are:

Global Plus Contracts provide prices for any combination of the following: International Priority Airmail (IPA), International Surface Air Lift (ISAL), Global Bulk Economy (GBE), Global Express Guaranteed (GXG), Priority Mail Express International (PMEI), Priority Mail International (PMI), Outbound Single-Piece First Class Package International Service (FCPIS), Commercial ePacket (CeP), and International Business Reply

¹ Request of the United States Postal Service to Add Global Plus 4 to the Competitive Product List and Notice of Filing a Global Plus 4 Contract Negotiated Service Agreement and Application for Non-Public Treatment of Materials Filed Under Seal, May 10, 2018 (Request).

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Service (IBRS). These contracts are for high-volume mailers ~~or Postal Qualified Wholesalers and are the only contract vehicles for IPA, ISAL, GBE, and CeP mailings.~~

The first change is to add FCPIIS to the Global Plus product. This does not have an impact on any current Global Plus contract. It makes the FCPIIS product available for Global Plus 4 contracts, or subsequent iterations of the Global Plus product that may be established in the future.

The second change clarifies the description of the Global Plus product. The Postal Service offers the Global Plus product to entities other than just Postal Qualified Wholesalers, and the revisions provide clarification of the customers of the Global Plus product. The remainder of the sentence, which states that Global Plus is the only contract vehicle for IPA, ISAL, GBE, and CeP services, is no longer accurate because CeP is now offered through the GEPS 5 and GEPS 8 products. IPA and ISAL services are still exclusively offered through Global Plus, but in accordance with other edits concerning GBE in MCS § 2510.6 included in this filing, "GBE" should be struck through, because no Global Plus contracts currently in effect include GBE service.

The revised MCS § 2510.6.1(a), discussed above, accurately defines all Global Plus contracts currently in effect, and thus the revised language will continue to accurately define all extant Global Plus contracts.

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1b. The changes to § 2510.6.1(b) included in the Postal Service's initial filing in these dockets are:

~~The contracts include all destinations served by IPA, and/or ISAL, and/or GBE, and/or GXG, and/or PMEI, and/or PMI, and/or FCPIS, and/or CeP, and/or IBRS, as specified by the Postal Service. The preparation requirements are similar to the preparation requirements for all IPA shipments, and/or ISAL shipments, and/or GBE shipments, and/or GXG shipments, and/or PMEI shipments, and/or PMI shipments, and/or CeP shipments, and/or IBRS shipments that are set forth in the International Mail Manual. Mailer Preparation Requirements are separately provided for PMEI Presort Drop Shipment shipments, and/or PMI Presort Drop Shipment shipments, and/or FCPIS Presort Drop Shipment shipments, and/or CeP shipments, but may vary for certain PMEI shipments, and/or PMEI shipments. The mailer may use Postal Service-supplied labeling software, or a non-Postal Service-supplied labeling software that has the same functionality as the Postal Service-supplied labeling software for PMEI and PMI shipments all services. The software allows for preparation of address labels and customs declarations and submission of electronic shipment information to the Postal Service, as well as prepayment of customs duties and taxes and pre-advice for foreign customs authorities by the Postal Service. The mailer may be required to prepare specific shipments according to country specific requirements.~~

The first change removes GBE from the list of products because there are currently no Global Plus contracts that include GBE as Qualifying Mail. FCPIS is added to the list as part of the Global Plus 4 product. This does not have an impact on any current Global Plus contract. It makes the FCPIS service available for Global Plus 4 contracts, or subsequent iterations of the Global Plus product that may be established in the future.

The next set of changes identify preparation requirements for certain types of Qualifying Mail for the Global Plus Contracts product. The language concerning PMEI,

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PMI, and CeP shipments is revised to note that for these services, along with FCPIS, contractholders should follow preparation requirements documents that are separately provided by the Postal Service along with the contract. Contractholders with existing Global Plus contracts already receive preparation requirements, so this change to the MCS more accurately reflects actual practice. Finally, provisions concerning the use of labeling software for PMEI and PMI services have been removed, because these details are more appropriately included in the mailer preparation requirements instead of the Mail Classification Schedule.

1c. The changes to § 2510.6.3 are:

Minimum Volume or Revenue Requirements

Mailers must commit to tender varying minimum volumes or postage on an annualized basis. ~~The minimum volume requirement for GBE is 100 pounds per mailing. If paying through permit imprint, the mailer is required to meet the minimum volume or weight requirements in effect for manifest mailings. For PMEI paid through an USPS Corporate Account (USPSCA), there is no minimum volume requirement per mailing.~~

As discussed above, no Global Plus contracts currently in effect include GBE service, and thus the sentence concerning GBE service has been removed. Specific terms concerning permit imprint use and payment are more appropriately included in the mailer preparation requirements and/or the terms of each Global Plus contract; thus, the third and fourth sentences are stricken.

1d. The changes to § 2510.6.4 are:

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Price Categories

The discount percentage or price, as applicable to the service, is dependent upon volume or postage commitment on the part of the customer. ~~Additional tiered discounts are available if the mailer exceeds the minimum volume or postage commitment. Also, separate charges apply if the customer uses labeling, harmonization, or return services.~~

The following price categories are available for the product specified in this section:

- Global Plus – IPA
- Global Plus – ISAL
- Global Plus – GXG
- Global Plus - GBE
- Global Plus – PMEI
- Global Plus – PMI
- Global Plus – FCPIS
- Global Plus – CeP
- Global Plus – IBRS

In the first paragraph, the second sentence has been struckthrough, for simplification. Currently, there are no Global Plus contracts that include tiered discounts. Similarly, because no Global Plus contracts currently in effect include separate charges related to labeling, harmonization, or return services, the final sentence of the first paragraph of § 2510.6.4 has been struckthrough.

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The second change is to add FCPIS to the list of price categories for the Global Plus product. This does not have an impact on any current Global Plus contract. It simply makes pricing for FCPIS service an available option for Global Plus 4 contracts, or subsequent iterations of the Global Plus product that may be established in the future.

1e. The changes to § 2510.6.5 included in the Postal Service's initial filing in these dockets are:

Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

- Pickup On Demand Service: PMEI, and PMI, and FCPIS only
- International Ancillary Services (2615)
 - International Certificate of Mailing: FCPIS IPA, PMI Flat Rate Envelope only (2615.1)
 - International Insurance: GXG, PMEI, PMI parcels only (2615.5)
 - International Return Receipt: PMEI, PMI only (2615.3)
- ~~For IPA, optional features may include Commercial ePacket (CeP) service, which is a delivery confirmation with scanning service available for IPA items to certain destinations~~ is designed for volume shipments of FCPIS items and provides scan events for FCPIS mailpieces meeting certain physical characteristics to select destinations. CeP shipments are prepared according to mailer preparation requirements provided by the Postal Service.
- Duty and Tax Chargeback
 - At the mailer's request, for certain destinations for which the Postal Service has made arrangements with the destination country postal operator, the Postal Service may offer destination country duty and tax

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chargeback service, through which custom duties and taxes are paid by the mailer in lieu of the recipient.

- ~~Software-Related Services: PMEI, and PMI only~~
 - ~~Labeling~~

~~At the mailer's request, the Postal Service will arrange for labels and customs declarations to be applied.~~
 - ~~Harmonization~~

~~At the mailer's request, the Postal Service will arrange for classification of merchandise according to country specified customs regulations to determine applicable duties and taxes.~~
 - ~~Returns~~

~~At the mailer's request, the Postal Service will contract with a returns center appropriate for the particular country. The returns center inspects the goods it receives from the mailer's customers and returns the goods in bulk to the mailer in the United States. The Postal Service invoices the mailer for appropriate charges. The Postal Service may also charge for certain Priority Mail Express International and Priority Mail International undeliverable as addressed returns when Customs duties have been prepaid.~~

The edits to the Pickup on Demand Service section add FCPIS to the list of services for which Pickup on Demand service is available. As FCPIS service would only be available for Global Plus 4 agreements, this does not affect any existing Global Plus contracts.

The edits to the International Ancillary Services section update the list of products for which certain International Ancillary Services are available, in accordance with the availability of such services as set forth in the International Mail Manual.

The edits to the paragraph concerning Commercial ePacket update the description of Commercial ePacket, which is an option available in Global Plus Contracts. Because current Global Plus contractholders are required to comply with the

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CeP preparation requirements, these changes will not affect existing Global Plus contracts.

The fourth paragraph adds the Duty and Tax Chargeback service. This does not have an impact on any current Global Plus contract. It makes the Duty and Tax Chargeback service an available option for Global Plus 4 contracts, or subsequent iterations of the Global Plus product that may be established in the future.

The fifth section concerning Software-Related Services for PMEI and PMI only, including labeling, harmonization, and returns, is struck through because the Postal Service has not included terms for such services in Global Plus contracts for several years and does not plan to include such terms in Global Plus contracts in the future.

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2. Please confirm that the requested revisions to MCS § 2510.6.5 pertaining to Commercial ePacket service are not reflected in the financial workpapers submitted in support of the Request. See Request, Attachment 3 at 6. If confirmed, please submit revised workpapers. If not confirmed, please explain.

RESPONSE:

Not confirmed. The Postal Service included non-public financial workpapers concerning Commercial ePacket service in its initial filing in these dockets, as [Mailer Name]_Commercial_ePacket_Model_WP_2018_04_30.v1.xls, which correspond with the terms concerning Commercial ePacket service (such as Annex 2) in the agreement that is subject of these dockets.